

**ANNUAL REPORT
OF THE
REGULATORY FLEXIBILITY
COMMITTEE**



**Indiana Legislative Services Agency
200 W. Washington Street, Suite 301
Indianapolis, Indiana 46204**

November, 2003

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A copy of this report is available on the Internet. Reports, minutes, and notices are organized by committee. This report and other documents for this Committee can be accessed from the General Assembly Homepage at <http://www.state.in.us/legislative/>.

I. STATUTORY AND LEGISLATIVE COUNCIL DIRECTIVES

Under IC 8-1-2.6-4, the Regulatory Flexibility Committee is required to monitor competition in the *telecommunications industry*. The Committee is required to consider the following issues:

- (1) The effects of competition on available subsidies used to maintain universal service.
- (2) The status of modernization of the public telephone network in Indiana and the incentives required to further enhance this infrastructure.
- (3) The effects of modernization on economic development and educational opportunities.
- (4) The current method of regulating telephone companies and the method's effectiveness.
- (5) The economic and social effectiveness of current telephone service pricing.

Under IC 8-1-2.5-9, the Committee is also required to monitor changes and competition in the *energy utility industry*, including the following issues:

- (1) The effects of competition or changes in the energy utility industry and the impact of the competition or changes on the residential rates.
- (2) The status of modernization of the energy utility facilities in Indiana and the incentives required to further enhance this infrastructure.
- (3) The effects of modernization on economic development.
- (4) The traditional method of regulating energy utilities and the method's effectiveness.
- (5) The economic and social effectiveness of traditional energy utility service pricing.
- (6) The effects of legislation enacted by the United States Congress.

In 2003, the Legislative Council directed the Committee to study the following topics:

- (1) Sustainable energy (HR 66).
- (2) Termination of utilities during the heating season (SR 42).

II. SUMMARY OF WORK PROGRAM

The Committee met three times during the 2003 interim session on August 26, 2003, September 29, 2003, and October 30, 2003.

On August 26, 2003, the Committee received testimony on the termination of electric or gas utilities during the heating season, as required by SR 42. The Committee also received testimony

on sustainable energy policies and technologies, pursuant to HR 66. The Committee made no recommendations on these topics.

On September 29, 2003, the Committee met at the headquarters of the Midwest ISO (MISO) in Carmel, Indiana. At this meeting, the Indiana Utility Regulatory Commission presented its annual reports on the natural gas, electric, and telecommunications industries. The Committee also heard testimony on the following energy-related topics: the role of MISO in the transmission of electricity, state energy forecasts by the State Utility Forecasting Group, natural gas pricing and supply issues, and coal gasification technology. The Committee made no recommendations on these topics.

On October 30, 2003, the Committee received testimony on bundled telecommunications services, competitive wholesale electricity markets, and net metering policies for alternate energy facilities. The Committee made no recommendations on these topics.